

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

7/Ag

~~CIRC. COPY ONLY~~

JANUARY 1967

Vol. 51, No. 1

Statistical Reporting Service
U.S. Department of Agriculture

Agricultural Situation

THE OUTPUT-POPULATION RACE WORLD HAVE-NOTS STALL, OTHERS GAIN

As in recent past years, 1966 saw the world's developed areas make further gains in agricultural production per person while the less developed regions had to settle for no better than the year before.

A per capita production gain to 110 (1957-59=100) from 106 the year before for the developed areas contrasted with a level of 101 for the second straight year for the less developed areas due to their faster rising populations.

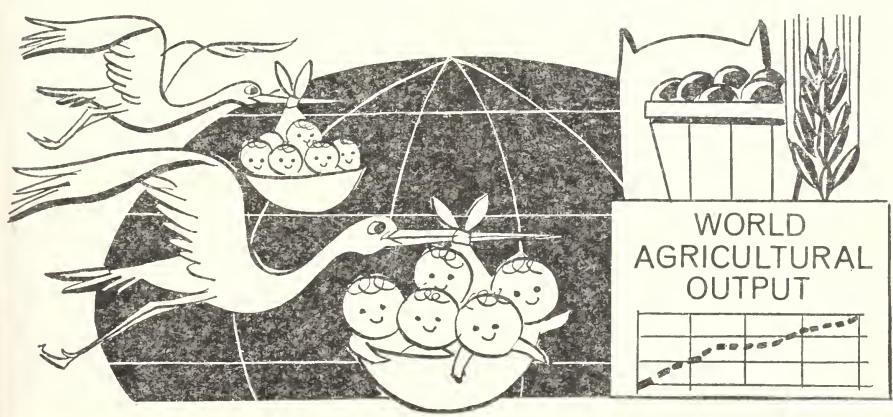
Agricultural output during the past decade has actually gone up faster in the less developed areas than in the rest of the world. But the benefits

have been canceled out by a corresponding rapid growth in population.

Here is a summary by world regions of 1966 developments in agricultural output:

Western Hemisphere: Canadian farm output continued a sharp rise in 1966, exceeding the previous record of 1965 by nearly 10 percent. U.S. output was off about 2 percent from the record 1965 level. Production in Latin America was also off from 1965's record output.

Western Europe: Production rose to a record high as West Germany, all South European countries except Portugal, and most of the Scandinavian



countries had good years. Grain output in the United Kingdom continued upward; but in France it dropped, dragging French agricultural production below the 1965 level.

U.S.S.R. and Eastern Europe: Soviet agricultural output rose sharply, almost 15 percent above the low 1965 level and 8 percent above the previous peak in 1964. USDA puts the Soviet grain crop at a record 135 million tons, 35 million above 1965. Elsewhere, farm production gains of 10 to 20 percent occurred in Bulgaria, Czechoslovakia, and Yugoslavia.

West Asia: This area kept making progress in agricultural output, mainly because of good 1966 crops in Turkey and Iran.

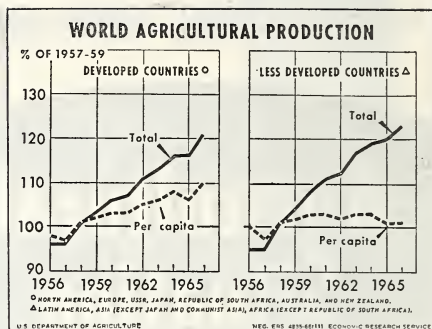
Africa: Output in Northern Africa was off about 7 percent from 1965, with drought a big factor except in the United Arab Republic, which had a good grain crop. West Africa had a mixed year. East Africa boosted its agricultural output. The agricultural situation for most countries of Southern Africa was considerably improved.

Asia: Most crop output in South Asia (India, Pakistan, Ceylon, Afghanistan, and Nepal) will likely be well above the low levels of the past season. However, because of stock depletion and crop failures in several localities, food shortages continue in some regions of India.

Communist China's farm output likely changed little from 1965, holding at a level slightly below the 1957-59 average. Japan's output, in contrast, continued upward, reaching nearly 20 percent above 1957-59.

Oceania: Prospects for Australia and New Zealand look bright this season, with a gain forecast for agricultural and industrial output.

World agricultural developments affect the prospects for U.S. exports of farm goods this year. Here are some commodity highlights:



Wheat: Exporters' end-of-season stocks are expected to recover in 1967 from the low level of 1966. Production has reached record levels in the U.S.S.R., Canada, and Australia. French exports of soft wheat will be curtailed in 1967, but wheat supplies have recovered in Argentina. Although import requirements are expected to remain high in Mainland China and India, Eastern Europe's import needs have been reduced sharply and the U.S.S.R. will again become a net exporter of wheat.

Feed Grains: U.S. exports of feed grains rose more than 40 percent in 1965-66 in response to unusual demand in Europe and India and low feed grain output in competing countries. Because of improved production in Europe and increased supplies in other exporting countries, U.S. feed grain exports will face strong competition this season.

Cotton: World consumption of cotton this season will exceed production for the first time since 1961-62, and end-of-season stocks are expected to drop sharply. U.S. cotton exports are forecast to increase about 70 percent this marketing year.

Oilseeds: Strong world demand for oilseeds and products will continue in 1967. The gain in U.S. exports of soybeans and products is expected to be much greater than the decline in U.S. exports of cottonseed and products.

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

The Agricultural Situation is a monthly publication of the Statistical Reporting Service, United States Department of Agriculture, Washington, D.C. 20250. The printing of this publication has been approved by the Bureau of the Budget (March 12, 1964). Single copy 5 cents, subscription price 50 cents a year, foreign \$1, payable in check or money order to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

AGRICULTURAL FACTS ROUND THE WORLD

The Population Paradox: More and Fewer Farmers

As a country climbs up the income ladder, its farmers make up a decreasing share of its population.

But, in the less developed countries, agricultural populations will continue to increase for another generation or two, according to the demographers and agricultural economists.

Agricultural population may even double in some countries within the next two decades, even though agriculture's share of total population slips.

Growth rates in less developed countries are high—some 2 to 3 percent per year. And agriculture accounts for the lion's share of population. This means nonagricultural population would have to soar 10 to 15 percent a year to take up all of the net increase of workers. However, employment opportunities outside of agriculture in these countries aren't likely to grow more than 4 or 5 percent a year.

Then too, productivity per farm-worker in the less developed countries must increase before workers can move from farming to industrial pursuits.

Japan Buys More and More U.S. Agricultural Exports

From barley to broilers, tallow to tobacco, cotton to corn, safflower to soybeans. You name it. Chances are, it's being supplied to Japan by U.S. agriculture. Japan is our best customer nation for farm products.

Although the U.S. share of Japan's agricultural imports has dropped somewhat in the past decade, the value of U.S. exports to Japan has increased greatly since the postwar era—reaching \$820 million in 1964, more than double the 1950 level. Total Japanese farm imports amounted to \$2.7 billion in 1964.

Reasons for the increasing value of our farm exports to this market are manifold: Increased personal incomes of the Japanese, changing food tastes toward more expensive products, the million-person-per-year increase in population, the limited amount of farmland, and the high cost of Japanese farm production.

But, most U.S. farm exports to Japan face a buyer's market with alternative sources. Japan tries hard to buy where terms are most favorable. Successful sellers to the Japanese market must compete on price, quality, delivery, financing, and reliability.

Because of Japan's desire to stimulate its own exports—to counter the growing import bill and periodic imbalance-of-payments—Japanese trade tends toward diversifying markets and trading partners. Mostly this is to sell Japanese manufactured items, especially to nearby developing countries.

The result of these policies is keener competition from other countries for our shares of the Japanese market.

Currently, most competition to U.S. products in the Japanese market comes from suppliers of cotton in Mexico; soybeans in Mainland China; wheat, barley, hides and skins, tallow, and grain sorghum from Canada, Australia, New Zealand, and Argentina; corn in South Africa and Thailand; rice in Taiwan, Thailand, Burma, and Mainland China; and flue-cured tobacco in Africa.

EXPORT-ESE

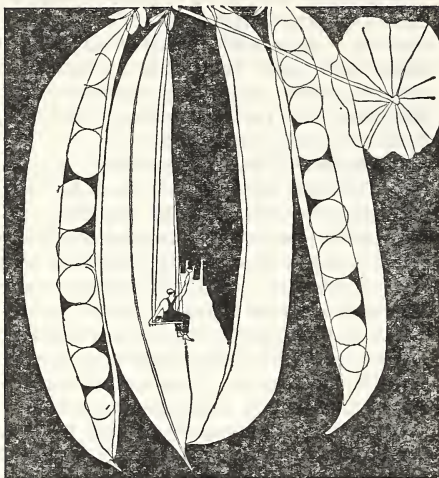
U.S. farm exports accounted for more than one-fifth of world-traded farm products in 1965-66.

At \$6.7 billion this U.S. total was up 10 percent from a year earlier and a record high. About two-thirds of the national total came from 16 States in three regions: the West North Central, East North Central, and the West South Central.

Illinois, the leading contributor to U.S. farm exports, accounted for \$666 million in 1965-66. Texas and California each accounted for \$185 million worth. Ten other States each contributed over \$200 million.

Nearly two-thirds of U.S. sales of wheat and hides and skins were accounted for by the export market, more than half the rice sales, nearly half the grain sorghum sales, some two-fifths of the sales of soybeans and tallow, nearly one-third of the corn sales, some one-fourth of tobacco and barley sales, and one-fifth of the cotton sales.

UNCERTAINTY IN SALES PITCH



Three thousand to four thousand Maine farmers harvest potatoes. The State, though among the Nation's leading producers, accounts for no more than 10 to 15 percent of total U.S. output.

This is just one example of why advertising and promoting farm products by individual producer groups can be a frustrating and often thankless task.

In all there are some 3½ million farms in the Nation. They are scattered the length and breadth of the land. No single producer of any farm product carries much weight in the marketplace.

Group action has been the traditional way around such problems, with State organizations, farmer cooperatives, commodity associations and the like providing some leverage in the market.

Here are a few of the problems involved in advertising and promotion. Some are unique to farm products, some are not:

Uncontrolled supply. Often as not, individual producers are free to sell whatever they can, whenever they can. The result can demolish a promotion campaign. More than one campaign has foundered when supplies of fresh commodities suddenly ran short, causing prices to soar.

Uncertain quality. Inspired by the mouth-watering ad, will the eager shopper find fresh spring lamb when

she gets to the store? Or tired mutton?

Making sure that quality on the counter lines up with quality in the ad is essential if you want the customer to come back. It can be the hardest part of promoting farm products.

Working with the market. Much of the promotion work by manufacturers is aimed at helping wholesalers or retailers earn an extra dollar from the product. The purpose, of course, is to induce these handlers to carry the promotion. Often a manufacturer will stretch the marketing margin in the buyer's favor by lowering the original price of the product; sometimes bonus units of the product do the same thing.

Most such devices are beyond the reach of producer associations. For one thing, they rarely take title—thereby control—to the goods, seldom control the channels of distribution. Producers are thus left in an unfavorable position for striking a good bargain with the marketing firms.

By and large, the commodity group must look for some other way to influence the behavior of marketing firms.

One way to develop a stronger demand is to put together a well-designed marketing plan. Such a plan would have to coordinate activities of producers, shippers, processors, wholesalers, and retailers. And it would need to be supported by strong consumer advertising and educational programs.

Problems of packaging. In the modern food store, where thousands of items line the shelves, packaging more often than not must do the job of the salesman.

But on the average only about half the produce is packaged. And the producer rarely has much to do with it. The cellophane cylinders of tomatoes, the plastic-wrapped heads of cauliflower, or the 5-pound bags of onions are generally the work of the wholesaler or retailer.

Point-of-purchase materials have developed as promotion alternatives to the package, but with haphazard success. Farm groups spend about \$6.7 million a year for the point-of-purchase items they distribute. But studies indicate that a limited quantity is actually used.

Managers without power. Too often a commodity organization fails to grant its management the authority to run the show.

Management has not much more control over the budget. Budgets in any given year are determined largely by the size of the harvest and such. Thus, promotion campaigns often are determined by the weather and politics, or, to a lesser extent, the mood of producers.

The potential. Despite the special problems, promotion campaigns do work for farm products. Take one example: frozen concentrated orange juice.

With the help of media advertising, point-of-purchase materials, dealer contests, a consumer sweepstakes, and about 190 million cents-off coupons, the Florida Frozen Concentrated Orange Juice Producers sold off a sizable amount of burdensome stocks. The cost of their campaign ran to \$3.5 million; net returns were \$13.3 million.

The recipe for their success included a high degree of cooperation among producers, processors, and the Florida Citrus Commission. The cooperation provided for necessary coordination and control at different levels of distribution.

Economic Research Service

AN OLD TRADE LEARNS A LOT OF NEW TRICKS

The first food processor probably was a caveman who learned to sun-dry his fish or meat. His descendants have been improving the old methods, and discovering new ones, ever since. Now, this know-how is a most valuable asset.

Napoleon is credited with introducing the first canned food. In the early 1800's he offered a reward for a new way to preserve food for his armies. That's when canning was born.

As recent as a decade ago, U.S. canners processed only 550 different foods. Today some 2,200 canneries nationwide produce about 1,200 different canned foods having an annual volume of more than 21 billion pounds. The 1963 pack of canned foods was about 760 million cases holding more than 26 billion containers.

HTST preservation—high temperature, short time—has been gaining favor with food processors for a decade.

Another popular innovation in canning is the aseptic method. The food and can are separately sterilized, maintaining high quality at low cost.

Hydrostatic preservation, used for some time in Europe, was introduced here recently: Filled cans or bottles are controlled under heat and pressure as they move up and down through towers.

Another successful canning innovation is dehydrocanning. This involves removing half the moisture from the food before it is canned.

The frozen food industry, born about the end of World War II, is thriving. The industry now processes more than 12 billion pounds of food annually.

Most recent gains in frozen-food preservation have been in vegetables, poultry, concentrates, and prepared foods. A 1963 survey showed that 59 percent of U.S. families bought frozen vegetables; 57 percent, orange concentrate; 66 percent, poultry pies; 36 percent, poultry parts; 27 percent, dinners; and 19 percent, fish sticks.

Dehydrofreezing is another new food process gaining headway. A low-temperature, quick-freezing process, it uses nitrogen with temperatures ranging downward to minus 320° F. If the price of nitrogen drops below present levels of 3 to 4 cents a pound, the method can be adapted to a wider range of food than melons, avocados, mushrooms, and seafood now quick frozen by this esoteric method.

Irradiation is rising on the food-preserving horizon. In the past 2 years, the U.S. Food and Drug Administration has sanctioned irradiation for cured bacon, potatoes, and wheat. And, waiting in the wings is the superpower tube for microwave cooking.

Other segments of food marketing also are advancing. Food handling has come in for its share of innovations—from the piping of sirups to the shooting of pulverized foods through pneumatic tubes.

Finally, food packaging has had many and rapid advances that go hand in hand with food processing, such as tab-pull and pull-strip openers and plastic lids for cans. In addition, there are new container materials—paper, fiberboard, laminated plastic and foil, and plastic film—which, in turn, call for and get newly designed machines.

Economic Research Service

ARE FARMERS LAND POOR OR LAND RICH?

Will another quarter section of land bring in more money than expenses?

The answer depends on some easy and some not-so-easy estimates:

- The cost of the land.
- Allotments that go with it.
- Production costs.
- Future prices for farm output.
- Expected yields.
- Extra labor and machinery needed.
- Expected rate of return on the investment in land.

Here's one method for eliminating some of the guesswork. Though it won't make the decision for the farmer, it can help narrow the range of questions.

The figures apply to one area in north-central North Dakota and are based on 1965 costs and prices. In that year, the average price of land in the State was \$68.50 an acre, up nearly a third from prices 6 years earlier—in 1959.

A farmer, thinking about buying an extra 160 acres, might split up the acreage like this: 40 acres for wheat on fallow; 10 acres for barley on fallow; 23 acres for barley after another crop; 50 acres for summer fallow, including diversion; and 37 acres for oats or flax.

To work out the value of the land, the farmer needs to estimate his production costs and yields. The costs include such direct operating costs as seed, fertilizer, chemicals, fuels, lubrication, and repairs. Machinery costs would be a separate item.

By listing the expected yields per acre for different crops, matching them against current prices, the farmer gets an idea of what his returns might be. In working out the situation for the North Dakota farms, prices have been set at three levels: At the level of 1965 wheat and feed grain programs; at grain prices 10 percent below the 1965 level; and at 20 percent below 1965.

The cost of owning the machines ranges from \$3 to \$5 an acre. The cost includes depreciation, interest on investment, personal property taxes, insurance, and housing for the machines. The range in costs, typical of this North Dakota region, varies with the size of the farm and the ability of the

farmer as manager. In general, the larger the farm, the lower the per acre cost of owning the machine.

Using the North Dakota figures, receipts for the additional 160 acres amount to \$2,854.24. Direct operating costs are \$1,272.29. Thus, returns above operating costs work out to \$1,581.95, or \$9.89 per acre. Since current land taxes amount to \$1 an acre in the area, net returns are \$8.89 after payment of operating costs and land taxes. These calculations are on the basis of 1965 prices.

If prices are estimated at 10 percent below 1965 levels, net returns are \$7.10. At 20 percent below 1965, returns are \$5.31 an acre.

The calculations take into account the cost of operating machinery, but not the cost of owning it—in other words, such machinery costs as depreciation, taxes, insurance, and housing. For example, if the cost of owning machinery is set at \$3 an acre, returns would fall to \$5.89 an acre on the basis of 1965 prices and to \$2.31 at prices 20 percent below 1965.

To get a 5½-percent return on the money invested in land, a farmer could pay no more than \$107.09 an acre at 1965 price levels. The figure is the result of dividing \$5.89 by .055. This purchase price is based on the most favorable assumptions. By contrast, if the cost of owning machinery averaged \$4 an acre, the most the farmer could pay for additional land would be \$88.91 an acre.

And if machinery costs were \$3 an acre, but the farmer assumed prices for his crops would be 20 percent below 1965 levels, he could afford to pay only \$42 an acre for land.

Similarly, the farmer who wants 6 percent back on his land investment would be able to pay only \$98.17 an acre, assuming 1965 price levels and \$3 an acre machinery ownership costs.

Of course, future sales value of land as well as the outlook for future costs and returns would have to be taken into consideration. A piece of property with a low value today might well be a good investment tomorrow.

GROWTH CENTERS MAY AID THE RURAL POOR

Get the people out? Or bring the jobs in?

These are the poles of disagreement in the debate over how best to develop such economic backwaters as the Ozarks.

The Ozark Region, which takes in parts of Arkansas, Missouri, and Oklahoma, typifies bypassed parts of rural America. Too much of its labor force has only scant education, out-of-date skills. Industry has been reluctant to move in and employ such workers.

On the surface, the problem might seem simple, the solution automatic. The kids grow up and they move out. The lack of economic opportunity in the Ozarks encourages them to settle elsewhere. Indeed, between 1950 and 1960, the rate of outmigration was as high as 60 percent in the younger age brackets.

But migration alone solves few long-standing problems, creates some new ones.

As an area's youth move away, they leave behind a disproportionate number of the very old and the very young—the least productive members of society. At the same time, the young adults take with them part of the area's tax base. Thus the cost of social services is an increasing burden on those who remain.

But the young adults who do move away too often carry their poverty with them. In 1960, one out of 10 adults in the Ozarks was classified as a functional illiterate—someone with less than 5 years of schooling. Their ability to cope with our technical society is rudimentary at best. The road out of the hills can come to a dead end in the city slum.

An alternative to the outmigration of people is the immigration of jobs. Such an alternative calls for an active effort to develop the economic resources of the Ozarks and other bypassed regions, to improve the level of educational facilities and to bring at least a degree of industrialization to a predominantly rural area.

And Congress has recently provided the underdeveloped regions of our Nation with a new tool to help them break out of the poverty trap. It is the Public Works and Economic Development

Act of 1965. The act extends the kind of assistance formerly available to communities through the Area Redevelopment Administration, but the emphasis is changed.

The program is constructed around the concept of "growth centers." It works on the theory that it is better to concentrate new schools, hospitals, and industrial parks in a few growing centers within commuting distance of most of the population than it is to spread public investment thinly over a larger number of areas.

So used, the funds may have a bigger impact on the local economy. They stand a better chance of stimulating other business development within the area served by the growth center resulting, in the end, in economic opportunity that expands into the wider rural community.

Knowing Neighbors Helps Farmers To Sell Property

About half the farmers who sell their property go out and find their own buyers—especially when the acreage involved is small. Many transactions of this sort are between neighbors and involve only parts of farms.

Brokers usually handle the larger properties—larger in acreage and retail price. Reasons: The seller wants to expose his property to a broader market than is available locally.

This is true especially when the property has potential value for nonfarm uses. Investors from the larger cities are sought. This is evident from the relatively high participation of brokers in the Florida and California markets.

Brokers handle the highest percentage of sales in the specialty-crop areas of California (central and southern parts with citrus and fruits). Here realtors handle 73 percent of sales. Ranking lowest in broker participation are the spring wheat areas of Montana and North Dakota and the Southeast's cotton and tobacco areas. Only one area sale in three is made by brokers.

The number of voluntary transfers averages about 90,000 farms and parcels annually for the country. In addition, 30,000 more properties change hands in estate settlements annually. Brokers are involved in about half of these 120,000 transactions.



Based on Information Available January 3, 1967

MORE HOGS THIS YEAR

A larger volume of hog slaughter and lower prices are in prospect this year. Record-high hog prices last winter and continued favorable prices last spring and summer influenced hog growers to boost the 1966 pig crop 8 percent above 1965. The December 1965–May 1966 portion of the crop was 8 percent bigger than a year earlier. And as a result, hog slaughter under Federal inspection rose above and prices dropped below year-earlier levels by late summer of 1966. In October–December, federally inspected hog slaughter totaled about 14 percent above a year earlier. Barrow and gilt prices at 8 markets averaged about \$3.50 below the \$25.25 of a year ago. The June–November portion of the 1966 pig crop, up 9 percent, will provide the bulk of slaughter supplies through the first half of 1967, thereby maintaining a higher rate of slaughter than in the same months in 1966.

RISE IN FARROWING SLACKENS

Although hog prices averaged around \$9 below a year earlier in December and the hog-corn price ratio averaged 14–15 (Chicago basis) compared with 23.4 a year earlier, hog producers indicated they plan to have 3 percent more sows farrow in the December 1966–May 1967 period than a year earlier. If these intentions materialize, slaughter supplies will be larger throughout 1967 than last year. The number of animals, as of December 1, kept for breeding is about in line with farmer's intentions to farrow more sows in the December–May period.

WORLD WOOL PRICES ARE GETTING STRONGER

A heavy rate of demand, a relatively low level of output recently, and reduced stocks have teamed up to strengthen the price position for wool around the world in the 1966-67 season.

However, the expected price advances over last season will be small. There's continued competition from manmade fibers, and an anticipated leveling in the rate of world wool consumption.

U.S. wool prices in 1967 likely will be similar to those in the world market and average slightly above 1966. Domestic producers saw a 9-percent price increase for shorn wool in the first 9 months of 1966 over the same period a year earlier.

By mid-1966, world wool activity was entering the second year of a cycle that saw consumption running ahead of production for a change. This was in marked contrast to the 3 previous years when output exceeded use. Consumption in major manufacturing countries during the first half of 1966 was 11 percent above year earlier rates and the trend was expected to hold.

Although world production will show about a 1-percent increase in 1966-67 and manmade fibers will persist in taking an increasingly larger share of the market, prices likely will remain healthy for producers. On a clean wool equivalent basis, world production is forecast at 3,275 million pounds, up a shade from the previous season but down from the record set in 1963-64.

Numbers of U.S. sheep and lambs on January 1, 1967, likely were near the

WOOL BLENDS GAIN

Wool-blend fabric production has shown a substantial increase in recent years, although the total production of wool material has been declining. Between 1958 and 1965, wool-blend output rose 22 percent while total wool fabric manufacture (including blends) fell 1 percent, according to a report by the Economic Research Service based on statistics from the Bureau of the Census.

Blends with 80 to 89 percent wool are the most popular, and sizable market advancements have been made by blends of 90 percent or more wool, according to survey data. Wool-nylon blends have continued as the leading combination, but other blends with wool have been catching on fast.

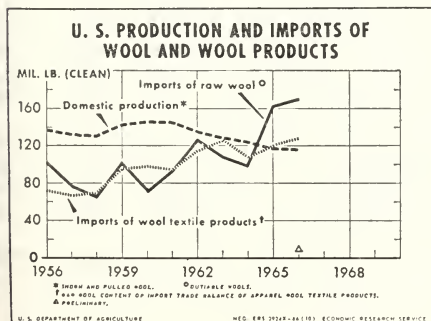
Blends containing less than 50 percent wool are not included in these comparisons, but are also important. For example, the combination of polyester-wool (primarily polyester) has been increasing in output, rising about 48 percent between 1960 and 1965.

The cost of man-made fibers used with wool for blends has dipped in recent years to a level below the price of wool. There is also less waste with noncellulosic fibers than with wool. These expense factors mean that blends have a cost advantage over all-wool fabrics.

26½ million head of a year earlier. U.S. wool production in 1967 will be little changed from the level of 1966, but consumption of apparel wool is expected to dip.

Apparel wool needs by U.S. mills in 1967 may fall 5 percent from the estimated 285 to 290 million pounds, scoured basis, for 1966. Higher wool prices compared with the cost of man-made fibers are charged with the downturn in apparel wool consumption.

Heavy domestic mill activity in 1966 prompted a rise in imports of some wool products to near-record levels. But there should be some slackening of apparel wool imports in 1967.



Economic Research Service

LAND PRICE RISE DAMPENED SOMEWHAT

Farm real estate prices moved higher in the year ended November 1, 1966. The national index of value per acre reached 157. This was 8 percent above a year earlier and 5 percent above March 1966.

Regionally, annual increases ranged from 5 percent for the Pacific area to 12 percent for the Corn Belt. Both the Southeast region and the Delta States showed gains of 9 percent.

Tight credit markets and high interest rates in the past several months, however, partially offset the strong

demand for land resulting from favorable income and a desire for farm enlargement. Thus, the March-November gain stayed below 6 percent in each region.

Among the 48 States, Iowa, Missouri, and Indiana led the annual farm-price rise with gains of 13 percent. Illinois, Alabama, Georgia, and Maryland followed with 12-percent increases.

Irrigated land prices in southern California appeared sluggish last year and offset stronger gains in the prices of dry land and pasture.

State	1965	1966	1966	State	1965	1966	1966
	Nov. 1	Mar. 1	Nov. 1		Nov. 1	Mar. 1	Nov. 1
1957-59=100				1957-59=100			
Maine.....	132	132	140	Tennessee.....	156	162	167
New Hampshire...	141	141	153	Appalachian.....	147	152	159
Vermont.....	138	138	151	South Carolina....	153	155	164
Massachusetts....	140	141	149	Georgia.....	172	185	193
Rhode Island.....	144	145	152	Florida.....	182	186	193
Connecticut.....	142	143	153	Alabama.....	167	170	187
New York.....	134	134	141	Southeast.....	171	177	187
New Jersey.....	146	148	154	Mississippi.....	164	170	181
Pennsylvania.....	145	150	156	Arkansas.....	181	191	194
Delaware.....	166	168	180	Louisiana.....	170	176	187
Maryland.....	165	172	185	Delta States.....	172	179	187
Northeast.....	144	147	155	Oklahoma.....	167	169	179
Michigan.....	135	135	142	Texas.....	158	165	168
Wisconsin.....	122	125	132	Southern Plains..	160	166	171
Minnesota.....	126	128	136	Montana.....	153	154	162
Lake States.....	127	129	136	Idaho.....	132	132	141
Ohio.....	131	134	144	Wyoming.....	145	148	156
Indiana.....	129	144	146	Colorado.....	141	146	149
Illinois.....	128	139	143	New Mexico.....	153	154	161
Iowa.....	124	131	140	Arizona.....	155	155	167
Missouri.....	143	154	161	Utah.....	132	135	136
Corn Belt.....	129	139	145	Nevada.....	140	141	144
North Dakota....	144	148	154	Mountain.....	144	146	153
South Dakota....	142	147	151	Washington.....	130	130	139
Nebraska.....	141	145	151	Oregon.....	130	131	134
Kansas.....	139	141	149	California.....	167	171	176
Northern Plains..	141	144	151	Pacific.....	157	160	165
Virginia.....	139	148	154	48 States....	145	150	157
West Virginia....	131	135	139				
North Carolina....	144	148	157				
Kentucky.....	150	153	160				

CHANGING ENTERPRISE AS PRICES FLUCTUATE

Back when farms were self-sufficient, a farmer didn't have to worry so much about fluctuations in prices for his products. He could get along without "store bought" goods for a while.

Today's farmer can't. He must be prepared to adjust his farm operation, often rather hurriedly, in response to changes in market prices. A recent study of the effects of changing wheat prices on different farm types and sizes shows the kind of adjustments that are needed.

Four types of farms were considered: Grain and hay; grain, hay, and peas; grain, hay, peas, and beef (raising, fattening, or both); and grain, hay, peas, beef, and hogs. Each farm model was assigned 638 acres of cropland (a medium size for the Palouse area of Washington and Idaho, the locale of the study).

Profits for the four farms were figured at several wheat prices to show the crop combinations best suited to prevailing market conditions. With wheat prices at \$0.87, \$1.35, and \$1.66 per bushel, barley was priced in relation to wheat on the basis of feed value. Alfalfa was set at \$21.40 per ton, peas at \$4.40 per hundredweight, fat steers at \$26.27 per hundredweight, and fat hogs at \$19.34 per hundredweight. Livestock prices were 10-year averages for the area's markets.

When wheat was 87 cents a bushel, the farms with livestock nearly broke even, but the rest didn't even come close.

As wheat prices rose, the livestock share of returns declined. Also, hog production became more attractive than beef fattening; cropland became too valuable to be used as cattle pasture. The hog operation wouldn't require pasture and would make more efficient use of the winter labor available. At \$1.66 a bushel for wheat, the model farm would net about \$1,500 more from hogs than from cattle.

When wheat prices were low, adding a pea crop upped returns about \$5,000. But as wheat prices moved up, gains from peas dropped. At \$1.35 a bushel and up, wheat made more money than peas.

Varying the cropland acreage in the

model farm showed that the large operation returned by far the most money on the labor investment. This happens because large farms spread fixed or overhead costs over more acres. Use of machinery, in particular, is more efficient. Obviously, small farmers should look for ways to cut down or spread high fixed costs—especially farm machinery costs—by custom-hiring operations or renting more land. With careful planning and use of labor, small farmers can still stay in business when wheat prices are low.

Economic Research Service

Reduced Inventory Helped Alter Feed Relationships

Big changes occurred in livestock feed relationships during the 1965-66 feeding year.

And these changes affected feeding margins. While prices of all feed grains were well above the 1957-59 average, the price differences between 1965-66 and the preceding year were relatively small. Byproduct animal protein supplements, however, were priced considerably above the previous price levels as foreign and domestic demand for soybean meal hit record highs.

Livestock prices showed considerable strength in relation to the season before—particularly for slaughter hogs and cattle.

Inventories of all three classes of meat animals were smaller.

Nevertheless, consumption of feed (measured in feed units) by cattle on feed exceeded the rate for 1964-65 by more than 25 percent. Grains fed to cattle on feed rose while feeding of high-protein feed supplements stayed relatively unchanged. This suggests that urea is currently being more widely fed.

The total number of grain-consuming animal units (livestock and poultry numbers weighted by concentrate consumption) inched up a little in 1965-66 after declining 3 percent the previous year. Roughage-consuming units declined 1 percent due to the continued decrease in numbers of dairy cattle. High-protein units increased 2 percent.

Economic Research Service

THEY'RE PROBABLY YOUR BIGGEST COST

Operating a farm and home successfully takes a lot of pencil and paper figuring to keep close tabs on costs. But chances are, one set of figures you've never come up with is the cost of raising your children all the way from birth to age 18.

According to calculations by USDA home economists, the cost may be much more than you think. Providing adequately for the upbringing of an average child from birth to age 18, for farm families in the North Central Region, may cost from \$15,000 to \$27,000 or more (at 1961 prices). A Southern farm family might spend \$13,000 to \$27,000 per child.

Whether your family spends the lower or upper figure, or something in between, depends on many factors. The two most important ones are, of course, total family income during the children's growing-up years and the number in the family. Families with more children naturally can spend less per child because some of their "fixed" costs, housing and the like, are spread out. The fact that the family lives on a farm and the area of the country make differences, too.

In making their estimates of child-

rearing costs, the economists considered three levels—low, moderate, and liberal—which coincide with USDA's 3 food-cost plans.

After-tax incomes in 1961 for the "statistical" family were \$5,755 (low), \$7,550 (moderate), and \$8,925 (liberal) in the North Central Region. Comparable figures for the South were \$4,326, \$7,374, and \$9,175.

As most parents know, the older the children get, the more it costs to rear them. Moderate costs for a farm child in the North Central Region average \$860 from birth to 1 year old; \$1,470 from 16 to 17 years. The total from birth to age 18 is \$21,760.

Food obviously is one of the big items in these figures. At the moderate-cost level for the North Central Region, food at home for the average child under 1 year of age is estimated at \$160. From age 1 to 3, it's \$190 a year.

When the child reaches school age, food costs, including school lunches and snacks, is \$260 a year from 7 through 9 and \$310 from age 10 through 12. From 13 through 15, food costs rise to \$350 annually. From 16 through 17, they reach \$380. The total for food (moderate cost) is about \$5,440.

Cowboy, Spare That Critter's Hide

Hides and skins are the most valuable byproducts of cattle.

Today a cured hide is worth about \$10—equivalent to \$1 per hundred-weight of the price for a 1,000-pound steer. This may seem trifling, but such figures can add up. And obviously, increasing the value of hides can raise the farm value of beef cattle.

Hide and leather quality has been improving. Grub eradication programs have helped eliminate holes in hides so that cutting yields are higher. New ways of skinning animals have substantially reduced knife cuts and scores. Cattle production in feedlots has cut barbwire scratches and biological damage.

Branding remains a major minus in hide quality improvement. Loss in

hide value from hot-iron branding is easily \$15 million annually.

Freeze branding, still in the experimental stage, could cut this loss greatly. An iron cooled to subzero temperatures is used. The hair in the branded area turns white and the hide isn't so severely damaged.

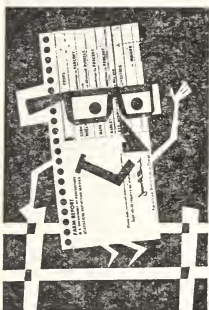
Another possible boost for tanners is removal of hair from the hides at the packinghouse. This would eliminate curing of hides, reduce transportation costs, and upgrade leather quality.

The hide and leather industry has backed the improvements. And understandably so. There's been a rapid increase in the use of leather substitutes. Today more than 25 substitutes are on the market; only one is priced higher than leather.

SAM STAT SAYS, "RUN THAT BY AGAIN"

A Recap of Recent SRS Reports

APPLE OUTPUT DOWN



Commercial apple production in the U.S. during 1966 totaled 129.7 million bushels, 5 percent less than the 1965 crop but 4 percent more than average.

(These estimates include quantities of mature apples left unharvested because of low prices, shortage of labor, or other economic reasons. About 2.1 percent of the 1966 crop was left unharvested compared with 2.3 percent a year earlier.)

Washington was the leading State in 1966 with 33 million bushels, a fourth of the Nation's output. New York ranked second with 23 million bushels and Michigan third with 16 million. California's 12.5 million bushels ranked fourth, going ahead of Virginia and Pennsylvania which ranked fourth and fifth in 1965.

Red Delicious continues to be the leading variety, accounting for 27 percent of 1966 production. Other leaders are: McIntosh (13 percent); Golden Delicious (10 percent); Jonathan (7 percent); Rome Beauty (7 percent); and Winesap (5 percent). These six varieties accounted for 69 percent of the total crop.

MORE SOYBEANS AND CORN

Intended soybean plantings for 1967 point to an 8 percent increase in acreage for all purposes in 25 leading States. The 1967 indicated planted acreage for these States is 40.1 million acres. The 12 North Central States expect a 6 percent increase, and the 13 Southern States a 13 percent increase.

Farmers intended to plant 7 percent more acreage to corn in 1967. Their prospective total acreage in the 25 States is 66.4 million—8 percent more in the important North Central States, 3 percent more in the Southern States.

This is the first time the Crop Reporting Board has surveyed farmers for

their intended plantings of soybeans and corn this early in the season. These intentions are subject to greater departures from actual plantings than the Intentions Report regularly issued in mid-March.

POTATO STOCKS RECORD HIGH

Storage stocks of potatoes held by growers and local dealers in the fall producing areas totaled a record-high 149.9 million hundredweight on December 1, 1966. These holdings were 1 percent more than the stocks on hand December 1, 1965. These stocks consist of fall potatoes held for all uses.

FIELD SEED SUPPLIES DOWN

Preliminary estimates of the production and carryover of alfalfa seed for 1966 are 157.8 million pounds, down from the 167.5 million in 1965.

Red clover output and carryover is estimated at 97.3 million pounds. It was 98.0 million a year ago. Sweet-clover and white clover production and carryover also were down from 1965.

LOTS OF WHEAT ACREAGE

Acreage seeded to winter wheat for harvest in 1967 totaled 54.1 million acres, the largest since the 57.1 million fall-seeded acreage in 1952—the last crop seeded without acreage allotments.

The 1967 all wheat acreage allotment was increased to 68.2 million acres, 32 percent greater than for 1966 with no acreage diversion provisions.

All States seeded sharply more acreage than a year earlier. Several spring wheat producing States—Montana, Washington, Idaho, South Dakota, and Nevada—planted the most winter wheat acreage in history.

A 1967 winter wheat crop of 1,283 million bushels is indicated, based on conditions as of December 1. This would be the largest winter wheat crop in history, 9 percent above the record high in 1958.

The acreage of rye sown for all purposes in fall 1966 is estimated at 3.6 million, down 9 percent from a year earlier and 19 percent below average.

CLARENCE PARKER

"If you haven't sampled that good crayfish (pronounced crawfish in Bayou country) bisque and crayfish pie, you haven't lived," says Clarence Parker, Statistician in charge in Louisiana.

Clarence is justifiably proud of the Bayou State's culinary reputation. In addition to crayfish, Louisiana is blessed with an abundance of fresh water fish, oysters, and shrimp.

To go with these seafood delicacies, Louisianans produce more rice, sugar-cane (for sugar and sirup), and sweet-potatoes (the renowned Louisiana yams) than people in any other State. They also account for the bulk of the Nation's early spring strawberries.

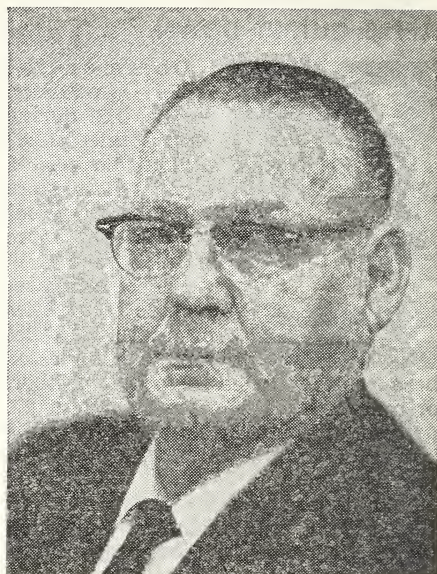
In the Bayou State, counties are called parishes. One of them, St. James Parish, is the world's sole producer of perique tobacco. This strong-flavored leaf is the "salt and pepper" of some pipe smoking mixtures.

Livestock and poultry production and dairying also are important enterprises for Louisiana farmers.

Enthusiastic as he is about Louisiana, Clarence Parker was born and reared in Texas. Born on a Coryell County farm in 1906, he was the first of seven children. At an early age, Clarence moved with his family to the outskirts of Austin.

He was educated in Austin public schools, then went to college part time after entering civil service in 1927 as a clerk in the Texas Crop and Livestock Estimates Office. During Clarence's 10 years there, he worked his way up to chief clerk, then became a junior statistician. He also spent a year in the Washington, D.C., office.

His next assignment was in Gulfport, Mississippi, as assistant statistician for Mississippi and truck crop estimator for Louisiana and Mississippi; then to Baton Rouge as assistant statistician



for Louisiana and continuing as truck crop estimator for the two States.

In 1942, Clarence was called back to the Nation's Capital to lead the work in fresh vegetable statistics. While on this assignment he earned his degree in economics at George Washington University. He also did some graduate work at George Washington and the USDA Graduate School.

In 1949 Clarence was given a chance to use his statistical "savvy" on a special assignment. He went to Puerto Rico for nearly 2 years to set up a crop estimating and market news reporting system for the island.

When he returned, he was assigned to the Texas office as assistant State statistician. In 1953 he became State statistician in Louisiana.

Clarence married Loudell Houston of Williamson County, Texas, in 1928. They have two daughters and seven grandchildren.

Clarence likes to play golf, go bowling, or hop into a bridge game when out of the office. He also finds time for churchwork, lodge and service club meetings.

OKLAHOMA CELEBRATED CENTENNIAL IN SEPT.

JANUARY 1967

At a centennial celebration of crop and livestock reporting in Oklahoma City on September 29, K. D. Blood, retired agricultural statistician, presented 50-year certificates of service and appreciation to Francis Borelli, Sr., of Kingfisher, and to Mrs. Wilma Smalley of Coyle.

Mr. Borelli has 54 years of voluntary service to his credit. Mrs. Smalley accepted the award on behalf of her late uncle, W. E. Henderson of Eva, who had more than 50 years on record.

Other 50-year awards were sent to C. D. Kelley, Rolf (56 years), W. B. Jessee, Durant (51 years), and Ralph H. Guy, Boise City (50 years).

In addition, 204 awards were presented to crop and livestock reporters with 30 or more years of reporting. These people have a total service record of 7,081 years. They are among more than 3,000 Sooner State farmers and ranchers currently reporting on farming conditions in their communities.

Don Pittman is the Statistician in charge in Oklahoma.

New Publication Available

Market diseases of asparagus, onions, beans, peas, carrots, celery, and 12 other market vegetable crops are described in a new handbook released by USDA.

Over 50 diseases and other disorders, and the conditions under which they occur in market channels, are summarized. Also included are field diseases that may injure crops after harvest. Color photographs depict many of the diseases.

Disease controls, to help prevent or minimize losses, are explained, and recommendations are included for temperature controls and, where applicable, humidity controls.

Copies of the new report, Agriculture Handbook No. 303, "Market Diseases of Asparagus, Onions, Beans, Peas, Carrots, Celery, and Related Crops," are available for 60 cents each from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Please include your ZIP code.

In This Issue

	Page
World Situation.....	1
Advertising.....	4
Buying More Land.....	6
Rural Growth Centers.....	7
World Wool Prices.....	9
Rising Land Prices.....	10
Wheat Price Effects.....	11
Sam Stat.....	13
Meet State Stat.....	14

All Articles May Be

Reprinted Without Permission

Editor: Ben Blankenship



UNITED STATES
DEPARTMENT OF AGRICULTURE
STATISTICAL REPORTING SERVICE
WASHINGTON, D.C. 20250
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE